

Prior to commencing related third-party testing, Ameritech agrees to expand the Texas performance measures to include xDSL loop performance measures, as well as other new performance measures focusing on new products, including UNE-P. The third party test will also include measures for jeopardy, held orders, change management, and "hot cuts", as well as new systems put into place as a result of the Ohio OSS collaborative process or Commission direction. The specifics of these new performance measurements, business rules, and calculations shall be discussed with the Performance Measurements Collaborative and, to the extent possible, mutual agreement between Ameritech and the CLECs shall be established before the related third-party testing is commenced. The Company also agrees that to the extent one of the other Ameritech operating companies voluntarily agreed¹ to a parity or benchmark measure, including any subsequent modifications, it will not oppose the adoption of that benchmark or parity measure or modification by the Ohio performance measurement collaborative.

The parties agree that the Commission should hire, at Ameritech Ohio's expense, an independent third party to conduct a comprehensive test of Ameritech Ohio's OSS. The Parties agree that a suitably qualified entity, as mutually agreed to by the collaborative or determined by the Commission, should be the third-party testing agent. The Parties also agree that the test should include a pseudo-CLEC function. An expedited interview process to select the third party tester shall be conducted by the collaborative. Such third party testing agent shall not have an existing or pending disqualifying business conflict with SBC/Ameritech, including any subsidiaries or affiliates. The pseudo-CLEC should be used in the test to build the OSS interfaces necessary to determine whether Ameritech Ohio's systems and documentation are sufficient to permit CLECs to develop their OSS in order to enter the market. Ameritech shall provide no greater guidance and information to the pseudo-CLEC than that currently made available to any other CLEC operating within the state. The collaborative shall discuss whether the third party testing agent should also perform the pseudo-CLEC function or whether an entity separate from the company retained to perform the third party test should also be retained to perform the pseudo-CLEC function. Although Ameritech Ohio will be paying all costs for the test, including the cost of the pseudo-CLEC, the Parties agree that the third party testing agent and the pseudo-CLEC shall take their direction exclusively from the Commission or the collaborative. The Parties agree that the third party testing agent and the firm to act as the pseudo-CLEC should be promptly retained. The Ohio Commission shall in all events retain full authority to ensure that the test is designed and conducted, and the results are evaluated, in accordance with the needs of the Commission.

¹ The term "voluntary agreement" as used in this attachment does not include an agreement reached pursuant to a state commission directive, but it may include agreements reached pursuant to collaborative sessions ordered by state commissions. For purposes of this attachment only, the term "voluntary agreement" does not include those Ameritech Illinois performance measurements which include a parity standard. This fact does not negate a parties' right to argue, entirely independent of this Attachment 2, to the Commission that any resolution of performance measures in Illinois was "voluntary" and "agreed to" by Ameritech and should be adopted in Ohio.

The test should be modeled after and based upon the best aspects of the test plan and tests conducted in other states, including, but not limited to, the plan and tests conducted on behalf of the Pennsylvania Public Utilities Commission, the New York Public Service Commission, and the Florida Public Service Commission to test the OSS of Bell Atlantic Pennsylvania, Bell Atlantic New York, and Bell South (Florida), and will take into account the needs of providers in Ohio, as agreed to by the collaborative or as determined by the Commission.

The test, using commercial volumes and capacity testing as determined by the collaborative, shall be conducted military style (test until pass). Testing for a scenario is not considered completed in a satisfactory manner until such time as the performance meets or exceeds performance standards established for the relevant metrics in advance of initiation of testing. All corrective actions shall be subjected to retesting.

The parties agree that the CLECs shall at a minimum: (1) have the opportunity to verify what is being tested; (2) receive a list of all documentation that Ameritech provides to the third party tester; and (3) be permitted to verify that the pseudo-CLEC is using the same information that Ameritech provides to the CLECs.

Carrier-to-carrier testing using commercial volumes, friendly testing of lines into a central location as requested by a CLEC, and capacity testing as determined by the collaborative or the Commission will be performed. The collaborative will determine the exact number of lines that should be part of any friendly test.

The Parties reserve the right to escalate any issues, whenever raised in the collaborative process, to the Commission for resolution by whatever lawful process the Commission determines to be appropriate. Issues should be raised for Commission resolution, if the Commission does not resolve the issue at an earlier date, by June 18, 2000. Issues may be raised for Commission resolution pursuant to the procedures set forth in paragraph C. 14, and Attachment 1 to this Stipulation.

Parties may advocate in the collaborative process additional issues, such as more OSS system enhancements, along with associated performance measurements, and necessary modifications to any third-party tests. Not addressing any particular issue in this attachment should not be taken to mean acquiescence with the position of any other party.

AT&T EXHIBIT 2

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ameri-)
tech Ohio (Formerly known as The Ohio)
Bell Telephone Company) for Approval of) Case No. 93-487-TP-ALT
an Alternative Form of Regulation.)

OPINION AND ORDER

The Commission, having considered the stipulation and recommendation submitted in this proceeding, the objections filed on April 21 and April 24, 2000, as well as relevant provisions of the Ohio Revised Code and Ohio Administrative Code, hereby issues its opinion and order.

HISTORY OF THE PROCEEDING:

Ameritech Ohio (Ameritech or company) is an Ohio corporation engaged in the business of providing telecommunications service in Ohio and is, therefore, a public utility and telephone company within the definitions set forth in Sections 4905.02 and 4905.03(A)(2), Revised Code. Ameritech is subject to the jurisdiction of this Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code. Ameritech provides a number of regulated intrastate communication services, including local exchange telephone service, message toll telephone service, private line service, and wide area telecommunication services, throughout Ohio. Ameritech is a wholly owned subsidiary of Ameritech Corporation, a subsidiary of SBC Communications, Inc.

On November 23, 1994, the Commission issued an opinion and order in this matter adopting a Plan of Alternative Regulation for Ameritech (the Plan). The Commission issued an entry on rehearing on January 19, 1995, affirming its adoption of the Plan. The Plan became effective on January 9, 1995, and, pursuant to the Plan, remains in effect for at least six years and until the Commission issues an order either changing the Plan, adopting a replacement plan, or modifying the form of regulation under which the company operates. In *Time Warner AxS v. Pub. Util. Comm.* (1996), 75 Ohio St. 3d 229, the Ohio Supreme Court reversed and remanded the Commission's order adopting the Plan. On June 18, 1996, the Ohio General Assembly enacted Substitute Senate Bill 306. That legislation approved the Plan, as modified in the opinion and order and affirmed in the entry on rehearing, and determined that the Plan should remain in effect as if it had become effective on January 9, 1995.

After notice to all parties in this case and extensive negotiations, the Stipulating Parties, representing widely varying interests, filed, on March 28, 2000, a stipulation and recommendation (Stipulation). The signatory parties to this Stipulation were Ameritech, the Staff, Ohio Consumers' Counsel (OCC), AT&T Communications of

Ohio, Inc. (AT&T), MCI WorldCom, Inc. (MCI), Appalachian Peoples' Action Coalition, Edgemont Neighborhood Coalition, and Empowerment Center of Greater Cleveland. The Stipulation includes provisions: a) to extend the Plan, as modified herein; b) for a new grant of alternative regulation under Section 4927.03, Revised Code; and c) further agreements.¹ Objections to the Stipulation were filed jointly by Intermedia Communications, Inc., Rhythms Links, Inc., and Time Warner Telecom of Ohio, L.P. (movants) as well as by the Payphone Association of Ohio (PAO).

COMMISSION REVIEW AND DISCUSSION:

Before beginning our review of the terms of the Stipulation, we believe it is appropriate to set forth the statutory standards that govern the implementation of a telephone company's proposed alternative regulation plan. Section 4927.02, Revised Code, provides as follows:

- (a) It is the policy of this state to:
 - (1) Ensure the availability of adequate basic local exchange service to citizens throughout the state;
 - (2) Maintain just and reasonable rates, rentals, tolls, and charges for public telecommunications service;
 - (3) Encourage innovation in the telecommunications industry;
 - (4) Promote diversity and options in the supply of public telecommunications services and equipment throughout the state; and
 - (5) Recognize the continuing emergence of a competitive telecommunications environment through the flexible regulatory treatment of public telecommunications services where appropriate.

In determining whether an alternative regulation plan should be adopted, Section X(B)(2) of the Commission's alternative regulation rules² provides that the Commission shall consider the following:

¹ The full stipulation and recommendation is attached to this opinion and order.

² Case No. 92-1149-TP-COI, *In the Matter of the Commission's Promulgation of Rules for Establishment of Alternative Regulation for Large Local Exchange Telephone Companies*, Finding and Order, January 7, 1993.

- (a) Whether the commitments are of sufficient value to the public to warrant the provision of regulatory opportunities for superior company performance outcomes linked to these commitments;
- (b) The probable impact of the plan on the financial status of the company;
- (c) The probable impact of the plan on customer bills;
- (d) The probable impact of the plan on telecommunications competition;
- (e) The probable impact of the plan on the goal of universal service;
- (f) Whether the commitments conform to the guidelines of Section IV(B) of these rules;
- (g) Whether the commitments promote efficient development of the public switched network;
- (h) The quality of the evidence of public support for the appropriateness of the commitments;
- (i) Whether the reporting and oversight provisions are sufficient to reasonably monitor the plan and assure its objectives are properly pursued;
- (j) Whether the plan satisfies each of the public policy goals set forth in Section 4927.02, Revised Code; and
- (k) Any other factor which the Commission may deem relevant in determining whether the plan is in the public interest.

As indicated above, a Stipulation was submitted which purports to extend the existing Plan as modified, to constitute the authorization of a new Plan, and to resolve certain other issues. Rule 4901-1-30, Ohio Administrative Code (O.A.C.), and the Commission's alternative regulation rules provide for the filing of stipulations such as the one submitted in this case.

THE STIPULATION

The agreement between the signatory parties provides for resolution of all alternative regulation issues as well as other issues. The stipulation also provides that it is to be considered a compromise of the positions the parties otherwise would have taken in a litigated proceeding. The stipulating parties agree that the Stipulation represents a just and reasonable resolution of all issues and, accordingly, this Stipulation is entitled to careful consideration and should be adopted in its entirety by the Commission. The Stipulation is expressly conditioned upon adoption in its entirety by the Commission and without material modification by the Commission. In the event that the Commission does not issue an order adopting this Stipulation within 45 days of its filing, any stipulating party shall have the right to terminate and withdraw this Stipulation by filing a notice with the Commission. In the event that the Commission issues an order that does not adopt this Stipulation in its entirety and without material modification, any stipulating party shall have the right, within five days of the Commission's order, to either file an application for rehearing which is consistent with the Stipulation or to terminate and withdraw the Stipulation by filing a notice with the Commission. Upon notice of termination or withdrawal by a stipulating party, the Stipulation shall immediately become null and void.

ALTERNATIVE REGULATION PLAN TERM

Under the terms of the Stipulation, the Plan, as modified herein, will be extended two years from January 9, 2001 through January 8, 2003. The stipulating parties agree that this Stipulation constitutes a new grant of alternative regulation pursuant to Section 4927.03, Revised Code, for Ameritech's non-basic local exchange services. The Stipulation provides that the grant of alternative regulation set forth in the Plan adopted on November 23, 1994, shall terminate upon a final Commission order adopting this Stipulation for purposes of applying the eight-year provision of Section 4927.03(D), Revised Code. The stipulating parties agree that the current Plan has been in effect for less than eight years and that the extension granted by this Stipulation represents a new grant of alternative regulation under Section 4927.03, Revised Code, for non-basic competitive services. As a result, the eight-year provision of Section 4927.03, Revised Code, would not be applicable.

The Stipulation provides that the replacement of rate base rate-of-return regulation with price cap regulation and the prohibition on the Commission and the stipulating parties from initiating an overearnings or excess profits complaint case against the company will be extended for two years. Therefore, after January 8, 2002, any party may propose a replacement plan to become effective after January 8, 2003.

CELL CLASSIFICATION

The Stipulation provides that Cell 1 core service rates for residence customers will be capped at current levels for the duration of the Plan extension.³ Cell 1 core service rates for non-residence customers also will be capped at current levels for the duration of the Plan extension unless such services are reclassified to Cell 4. Through this Stipulation, the company further agrees that its customer-owned coin telephone access line rates shall remain subject to any determinations by the Commission in the payphone generic proceeding in Case No. 96-1310-TP-COI. As part of the Stipulation, message toll services currently classified as Cell 2 services will be reclassified as Cell 4 services effective with final Commission approval of this Stipulation. The Stipulation provides that all Cell 4 services, including message toll services discussed above, will be removed from the price cap plan effective upon final Commission adoption of this Stipulation. However, during the Plan extension, Cell 4 services will continue to be subject to the price floor and long run service incremental cost and imputation requirements. Further, the parties recognize that these pricing provisions and cell classifications do not limit the Commission's ongoing jurisdiction over Cell 4 services. Upon final Commission adoption of this Stipulation and effective during the Plan extension, all services, other than residence Cell 1 core services, that are classified by the Commission as competitive telecommunication services pursuant to Case No. 99-563-TP-COI, will be considered to have met the criteria for Cell 4 services and the criteria for the movement of services to Cell 4.

COMMITMENTS

As a result of this Stipulation, and effective upon final Commission adoption of this Stipulation, Ameritech agrees: 1) to increase the funding level for Distance Learning Equipment to \$3 million (from \$500,000) in 2001 and to provide additional funding of \$3 million in 2002; and 2) to extend the Economic Development funding commitment for two years with funding of \$250,000 in 2001 and \$250,000 in 2002. Ameritech also agrees to provide additional funding of \$500,000 in 2001 and \$500,000 in 2002 designated for Community Computer Centers (these amounts are in addition to the funding set forth in the merger stipulation in Case No. 98-1082-TP-AMT). Up to \$25,000 of the additional funding amounts may be used in each 12-month period to assist in program design and implementation, which amount shall be disbursed to the Ohio Community Computer Center Network (OCCCN) upon request. The remaining amounts shall be disbursed for the creation and support of new and existing community computer centers in urban and rural areas. Such disbursements shall be determined solely by the board of the OCCCN, however, the OCCCN shall provide an annual report, subject to audit, that includes disbursements of any of the funds described above to the Commission. All funds described herein shall be expended by the company and shall remain available to the OCCCN until disbursed.

³ Ameritech had previously committed to extend the cap on residential rates up to and including January 9, 2002, in the merger stipulation approved in Case No. 98-1082-TP-AMT.

Ameritech also agrees, upon final approval of this Stipulation by the Commission, to create an Internet Technology Fund and to make funding of \$100,000 in 2001 and 2002 available to the OCCCN to implement alternative ways of providing internet access in areas where such access may not be readily available. A special OCCCN Committee comprised of representatives of the OCCCN, Staff, OCC, Ameritech, and any consumer group supporting the Stipulation shall be established to develop and select proposals for the OCCCN to implement or fund. An annual report, subject to audit, shall be filed by the OCCCN with the Commission documenting the operations subject to this commitment. Ameritech further agrees to provide up to \$50,000 in 2001, in a lump sum payment, for an internet accessibility pilot program for senior citizens within the company's current service area. The company will confer with Staff, OCC, and any consumer group signing the Stipulation regarding soliciting and selecting an appropriate proposal to fulfill this commitment.

During the term of the Plan as extended, Ameritech agreed to deploy diverse routing between all remote and host central offices in the company's existing service territory where such diversity is not already deployed. This commitment will extend to any additional remote switches the company places in service before January 9, 2003, in its current service area.

MODIFICATION OF THE PRICE CAP INDEX'S EXOGENOUS ADJUSTMENT

The Stipulation provides that the Plan's Price Cap Index's exogenous adjustment threshold should be increased for the duration of the Plan, as extended, such that any proposed exogenous adjustment must affect the revenues subject to the Price Cap Index (PCI) by at least \$5 million per event. Ameritech also agrees not to seek an exogenous adjustment with respect to: a) costs associated with dialing protocol changes (e.g., 10-digit local dialing); b) costs associated with the company's third-party OSS testing or other costs associated with Ameritech's interLATA long distance entry application pursuant to Section 271 of the Telecommunications Act of 1996; or c) company specific penalties or forfeitures that could have been avoided, either through company action or inaction. Ameritech further agrees not to seek recovery as an exogenous event under the Plan's price cap of any revenue reductions that may be caused by an order from the Federal Communications Commission (FCC) in CC Docket Nos. 96-262, et. al. that is not directly appealed by Ameritech.

Method for Determining Whether an Exogenous Change Qualifies as an Exogenous Adjustment

Proposed exogenous changes to the PCI will be allocated proportionately by revenues across all price cap cells and baskets (i.e., residence and business) affected by the exogenous event. Any proposed exogenous change must include a proportional allocation to Cell 4 services, if Cell 4 services are affected by the exogenous event. When an exogenous adjustment is proposed, Ameritech shall provide documentation

of this allocation as part of the annual price cap filing. If the exogenous event only affects services not subject to the PCI or affects services subject to the PCI in an amount of less than \$5 million, then that exogenous event will not be applied to the PCI.

Method for Allocating an Exogenous Adjustment to the Price Cap Baskets

The presumption shall be that any exogenous cost event shall be allocated among Cell 1 Core, Cell 1 Non-Core, Cell 2, Cell 3, and Cell 4 proportionately to the revenues of each cell. Any change to this allocation shall be documented and explained by the company, in order to demonstrate that a different allocation is justified due to the disproportionate effect on certain cell(s) of the exogenous event. For the Residence and Non-Residence Baskets, subject to the pricing restrictions of the current Plan, the amounts allocated to Cell 1 Non-Core and Cells 2 and 3 may be recovered in whole or in part by the services in those cells. Further, the rates for all Cell 1 Core services will remain unaffected by any positive or negative exogenous adjustments since the rates for Cell 1 Core services remain capped under this Stipulation. Also, pursuant to this Stipulation, Cell 4 services will no longer be under the price cap.

ADDITIONAL COMMITMENTS

USA Program

Ameritech agreed to extend the Universal Service Assistance (USA) program, as set forth in the current Plan and as modified and interpreted by Commission orders issued prior to execution of this Stipulation, through July 8, 2003. Within six months of Commission adoption of this Stipulation, Ameritech agrees to provide USA Plan 1 automatic enrollment, as currently being offered on a pilot basis in the 614 number plan area (NPA), to customers throughout Ameritech's current service area. The company agrees to consult with Staff and any consumer groups signing this Stipulation concerning expansion of the automatic enrollment program and will invite those same parties to participate in any meetings held with the Ohio Department of Human Services (ODHS) concerning automatic enrollment. The current pilot automatic enrollment program enrolls customers in qualifying programs (Medicaid, Food Stamps, Ohio Works First, Disability Assistance) based on data provided by ODHS. The current pilot program process is based on a file of eligible persons supplied by ODHS using social security numbers as the validation field. Ameritech performs the automatic enrollment process no less than once per quarter or within 30 days of receiving updated information from ODHS. The data supplied by ODHS is also used to build an on-line verification process. Under the current process, customers are sent a notification letter of their eligibility for USA Plan 1 benefits and are also provided with the opportunity to decline to be enrolled. Ameritech may also use the ODHS data to identify customers that are no longer eligible for this program. However, before removing ineligible customers, Ameritech will discuss this process with the USA Advisory Committee. The six-month implementation interval is dependent upon the availability of required data feeds from ODHS databases. Should such data feeds not be made available in a

timely manner, the company will notify Staff and the stipulating parties of the delay and will establish a new implementation schedule.

In addition to the statewide extension of the USA Plan 1 automatic enrollment program described above, Ameritech has also agreed to conduct a USA Plan 1 automatic enrollment pilot in an NPA, to be identified by Staff with input from the consumer groups supporting this Stipulation, that includes additional qualifying USA programs (HEAP, E-HEAP, or an equivalent successor program, Ohio Energy Credits, SSI, and Federal Public Housing Assistance and Section 8) subject to the availability of the necessary data. The pilot will be conducted in the same manner as the current 614 NPA automatic enrollment pilot program. The company will invite Staff and any consumer groups signing the Stipulation to participate in any meeting with involved governmental agencies concerning the automatic enrollment pilot. This pilot will begin within 12 months of final Commission approval of the Stipulation, contingent upon data feed availability from the appropriate state and federal sources. Ameritech agreed to consult with Staff and the USA Advisory Board on implementation and evaluation of the pilot which shall last until July 8, 2003.

Through July 8, 2003, the company will provide a designated Ohio representative to the USA Advisory Board who will work closely with the company person responsible for oversight of the USA program. The Ohio representative, or their designee, will attend all USA Advisory Board meetings and sub-committee meetings. The person currently responsible for oversight of the USA program (who resides in San Antonio) will make a good faith effort to attend all monthly Advisory Board meetings, either in person or by teleconference, and, to the extent practical, notify the Advisory Board in advance when unable to attend. Upon Commission approval of this Stipulation, Ameritech agreed to increase the promotional budget for the USA plan from \$122,000 to \$276,000 for 2001 and 2002. Within six months of final Commission adoption of this Stipulation, Ameritech agreed to incorporate USA Plan 1 special payment arrangements for deniable charges on live account current bills as a separate item to be included in the total amount due. The company also agreed to provide a generic bill page message reminder notice, no less than every three months and beginning within 60 days after final Commission approval of the Stipulation, to all USA customers regarding special payment arrangements. The bill page message will be reviewed with Staff and the USA Advisory Board. This commitment would end on July 9, 2003.

Minimum Telephone Service Standards

The Stipulation also provides that Ameritech will extend the automatic application of minimum telephone service standard credits to residential customers for missed installation and repair premises appointments through January 8, 2003. The company also agreed, up to and including January 8, 2003, not to seek a late payment charge for residential basic local exchange service.

Residential Service Offerings

Through this Stipulation, Ameritech agreed to reduce residential customer rates for Calling Party Number Blocking (per line) from \$1 month to \$0.50 per month and Toll Restriction from \$5.95 per month to \$3 per month. These rate reductions will become effective 15 days after final Commission adoption of this Stipulation and such rates shall remain capped at the reduced levels through January 8, 2003. The company also agreed to conduct a 90-day residential Caller ID promotion during 2001 by waiving the non-recurring installation charge and the monthly charge for the first three months for new residential Caller ID customers. Regarding the four new market areas defined in the merger stipulation in Case No. 98-1082-TP-AMT that Ameritech agreed to enter, the residential service packages offered by the company will have price ranges of 70-140% of the sum of the prices for the comparable set of services offered by the incumbent local exchange carrier in the respective geographic areas.

Resolution of Pending Disputes

As part of this Stipulation, the signatory parties agreed to fully resolve the dispute currently before the Commission regarding the company's \$5.3 million exogenous cost adjustment to the PCI effective July 1, 1999, in this case. In full and final settlement of the dispute, Ameritech agreed to eliminate the July 1, 1999, PCI exogenous adjustment in its entirety, effective within 30 days after the final Commission adoption of this Stipulation. The company will also implement a prospective adjustment of \$5.3 million to offset the revenue effect of the July 1, 1999 exogenous adjustment. The prospective adjustment will also take effect within 30 days of a final Commission order approving the Stipulation. The prospective adjustment will be accomplished through the PCI or Group Price Index (GPI), upon proper documentation to Staff and the OCC.

In full and final settlement of the intraLATA 1+ cost recovery issues raised in Case No. 96-1353-TP-ATA and in the FCC's CC Docket No. 96-98 and File No. NSD-L-00-06, Ameritech agreed to modify its tariff methodology so that such costs for intraLATA 1+ will be allocated across all originating intraLATA toll minutes of use. The Stipulation explains that all relevant costs, including those associated with the waiver of the PIC change charges, will be included in the calculation. The signatory parties agreed that, consistent with this Stipulation, the cost recovery charge in the company's February 1, 2000 tariff filing in Case No. 96-1353-TP-ATA should be reduced from \$.005121 per minute of use to \$.001401 per minute of use. Ameritech also agreed to implement a true-up between the new rate and the rate implemented, should the Commission implement any rate before Ameritech modifies its tariff pursuant to this Stipulation, pursuant to the methodology approved in Case No. 96-1353-TP-ATA retroactive to the effective date of the tariff. Within five days of final Commission adoption of this Stipulation, AT&T agreed to seek to withdraw its pending FCC petition in CC Docket No. 96-98 and NSD-L-00-06 concerning Ameritech's intraLATA 1+ cost recovery. AT&T and Ameritech further agreed to support a request, within five days of

the execution of the Stipulation, that the FCC stay consideration of AT&T's petition pending the Commission's consideration of this Stipulation.⁴

Within 10 days of final Commission adoption of this Stipulation, Ameritech agreed to withdraw its pending intraLATA presubscribed interexchange carrier charge (PICC) filing in Case No. 99-30-TP-ATA. The company further agreed that the maximum intrastate PICC rate level (in the aggregate) for the duration of the Plan extension shall be the lower of: a) the current rate levels; or b) the interstate rate levels. Provided that such rate levels do not exceed the aforementioned maximum PICC rates, the signatory parties agreed not to contest or in any way challenge the company's current intrastate PICC rate levels. The signatory parties have reserved all rights to challenge the PICC rates in the Commission's generic access charge proceeding in Case No. 00-127-TP-COI.

Collaborative Dispute Expedited Complaint Resolution Process

Ameritech further agreed that a collaborative dispute expedited complaint resolution process for resolution of issues from the performance measurements collaborative established in Case No. 98-1082-TP-AMT and for disputes arising from the OSS third-party testing collaborative is reasonable and should be adopted by the Commission. This expedited complaint resolution process clarifies that any dispute raised through a complaint should be filed pursuant to Section 4905.26, Revised Code. Ameritech shall file an answer to complaints brought pursuant to this provision within 10 days of service of the complaint. Discovery shall be limited to a 45-day period with discovery responses provided within 10 business days of service. Signatory parties agreed to support the commencement of any hearing to commence within 70 days of the filing of the complaint. Ameritech and the complaining party may mutually agree to a different procedure and nothing precludes any party from proposing for Commission adoption a more expedited procedure for the resolution of disputes arising from the performance measurement collaborative or the OSS Third-Party Testing Collaborative. Ameritech agrees that the aforementioned dispute resolution procedure shall survive the conclusion of the collaborative for disputes raised in the collaborative before its conclusion. In addition, Ameritech agrees that the time frames set forth above are reasonable and should be adopted by the Commission in all complaint cases between the company and competitive local exchange carriers (CLECs) at the option of the complainant.

Action Plans

By March 31, 2000, Ameritech committed to send to the CLECs attending the March 21, 2000, CLEC-SBC/Ameritech wholesale organization meeting, a written draft of its action plan for CLEC input. The company further agreed to implement in good

⁴ In an Order issued on April 21, 2000, the FCC's Common Carrier Bureau granted the joint request for a stay submitted by AT&T and Ameritech.

faith those written plans, as modified by CLEC input, that are agreed to by at least a majority of CLEC's attending the meeting. The company's final action plans will be filed in this docket. Within three months after the March 21, 2000 meeting, a follow-up meeting will be held involving high level company wholesale operations personnel and interested CLECs to review the results of the final action plans and to make appropriate revisions or additions to the final action plans.

Unbundled Network Element Platform

Within 30 days after execution of this Stipulation, Ameritech agrees to file either a tariff or model interconnection agreement amendment, at the company's election, setting forth the rates, terms, and conditions for the offering of the unbundled network element platform (UNE-P). If the company elects to file a model amendment rather than a tariff, Ameritech agreed that such amendment will be available for initial agreements on a going forward basis as well as for existing agreements. Regardless of the type of filing, Ameritech will also submit supporting cost information using the same basic inputs (e.g., cost of capital, depreciation, fill factors, non-volume sensitive cost factors and shared and common cost factors) as ordered by the Commission in Ameritech's total element long run incremental cost (TELRIC) proceeding in Case No. 96-922-TP-UNC. This filing will also include supporting testimony for both the UNE-P and the company's February 10, 2000 shared transport cost information submission. Within two weeks of the filing discussed above, Ameritech will attend a technical conference, with persons knowledgeable on the subject of the filing, in order to informally respond to questions concerning the UNE-P and shared transport filing.

The signatory parties recommend to the Commission that a 45-day discovery period with a 7-day response time should be established which will begin to run upon the filing of the tariff or model agreement amendment. Signatory parties' testimony, if any, is due within two weeks after the close of discovery and the parties recommend to the Commission that hearings should be scheduled to commence no more than two weeks after intervenor testimony is filed. Further, the signatory parties recommend that the hearing be limited to no more than four days. Ameritech should be permitted to conduct additional discovery during the period between the filing of intervenor testimony and the hearing. Under the schedule recommended by the signatory parties, initial briefs should be filed 21 days after the close of the hearing and reply briefs due 14 days later. Those parties that have entered into a proprietary agreement in Case No. 96-922-TP-UNC have the right to access and use information and documents disclosed or produced by Ameritech in Illinois Commerce Commission Docket Nos. 96-0486/0569 Consolidated and Docket No. 98-0396 and Michigan Public Service Commission Case No. U-11831. Ameritech agrees not to object to the use of such information or documents by the parties in Case No. 96-922-TP-UNC in preparing for hearing or at hearing on the basis that such use is prohibited by a proprietary agreement in the Illinois or Michigan proceedings.

10-Digit Trigger

The Stipulation reveals that Ameritech distributed to the CLECs on March 15, 2000, written methods and procedures to follow when utilizing the 10-digit trigger capability relating to local number portability and when requesting NXX code migration. The company agreed to conduct a review of the 10-digit trigger procedures with all interested persons within seven days of a request for a review meeting. The company further agreed to conduct a review of the NXX code migration procedures with all interested persons within 14 days of a request for a review meeting. Finally, on this topic, within 15 days of execution of this Stipulation, Ameritech agreed to conduct an overview, by employees knowledgeable on the subject, of its processes to port telephone numbers with Staff and interested CLECs.

Carrier-to-Carrier Tariff

By the later of 120 days after execution of this Stipulation or 10 days after final Commission approval of this Stipulation, Ameritech agreed to file with the Commission a carrier-to-carrier tariff for unbundled network elements, interconnection services, line sharing, and collocation which will include, where applicable, the Commission-approved TELRIC rates for the company. The company agrees that this carrier-to-carrier tariff filing shall not be subject to any Commission automatic approval procedures.

Line Sharing

Ameritech also agreed to file a model interconnection agreement amendment that contains rates, terms, and conditions for line sharing as currently required by the FCC. This model interconnection agreement amendment shall be filed by the later of: a) May 1, 2000, or b) 10 days after final Commission adoption of this Stipulation. CLECs that enter into model interconnection agreement amendments for line sharing shall be permitted to purchase from a Commission-approved tariff that includes line sharing. At such time as the Commission approves final rates for line sharing, Ameritech agrees to true-up to the Commission-approved line sharing rates for the time frame a CLEC operates under the model interconnection line sharing agreement amendment.

Enhancements to the OSS Third-Party Testing Collaborative

The signatory parties agreed that certain enhancements, including certain terms and conditions, to the OSS Third-Party Testing Collaborative, described below, are warranted and that the agreed to enhancements should be presented for adoption at the next OSS Third-Party Testing Collaborative meeting following execution of this Stipulation. The specific enhancements to be discussed in the collaborative include, but are not limited to:

- (a) A new loop assignment process, including voice grade loops served through integrated digital loop carrier equipment as well as XDSL loop prequalification processes for CLECs who use an Electronic Data Interchange (EDI) system. The collaborative will also discuss means to make these functionalities available to non-EDI CLECs.
- (b) A process to order UNE-P in commercial volumes for both business and residential customers for CLECs who use an EDI system. The collaborative will also discuss means to make these functionalities available to non-EDI CLECs
- (c) An ordering process for adding ADSL functionality to a voice local loop.
- (d) A process to order sub-loop unbundling.
- (e) A process to order dark fiber.
- (f) A new firm order confirmation process including a new order jeopardy notification process for both EDI and non-EDI CLECs.
- (g) Fail safe Hot-Cut procedures with dial tone including ANI testing completed 48 hours prior to the cut.
- (h) A process for synchronizing the Street Address Guide (SAG) and Customer Service Record (CSR) so that CSRs would be compared to the SAG and errors in the CSRs corrected.
- (i) Provisioning parsed CSRs.
- (j) Implementing industry standard versions of EDI and Local Service Ordering Guide (LSOG) for ordering, including all associated functionalities by August 2000.
- (k) Implementing an industry standard version of LSOG for preordering.

Prior to commencing related third-party testing, Ameritech agreed to expand the Texas performance measures to include XDSL loop performance measures, as well as other new performance measures focusing on new products, including UNE-P. The third-party test will also include measures for jeopardy, held orders, change management, and hot cuts, as well as new systems put into place as a result of the Ohio OSS

collaborative process or Commission direction. The specifics of these new performance measurements, business rules, and calculations shall be discussed with the Performance Measurements Collaborative and, to the extent possible, mutual agreement between Ameritech and the CLECs shall be established before the related third-party testing is commenced.

The parties agree that the Commission should hire, at Ameritech's expense, an independent third party to conduct a comprehensive test of the company's OSS. The signatory parties agree that a suitably qualified entity, as mutually agreed to by the collaborative or determined by the Commission, should be the third-party testing agent. Such third-party testing should also include a pseudo-CLEC function. The signatory parties agree that the pseudo-CLEC should be used to test the OSS interfaces but that Ameritech shall not provide greater guidance and information to the pseudo-CLEC than that currently made available to any other CLEC in Ohio. The collaborative will discuss whether the third-party testing agent should also perform the pseudo-CLEC function. Although Ameritech is paying all costs for the test, including the cost of the pseudo-CLEC, the signatory parties agree that the third-party testing agent and the pseudo-CLEC shall take their direction exclusively from the Commission or the collaborative.

The third-party test should be modeled after and based upon the best aspects of the test plan and tests conducted in other states including, but not limited to, Pennsylvania, New York, and Florida. The test, using commercial volumes and capacity testing as determined by the collaborative, shall be conducted military style (test until pass). Testing for a particular scenario is not considered completed in a satisfactory manner until such time as the performance meets or exceeds performance measures established for the relevant metrics in advance of initiation of testing. All corrective actions will be subject to retesting.

The signatory parties agree that the CLECs shall, at a minimum: a) have the opportunity to verify what is being tested; b) receive a list of all documentation that Ameritech provides to the third-party tester; and c) be permitted to verify that the pseudo-CLEC is using the same information that Ameritech provides to the CLECs. The signatory parties reserve the right to escalate any issues, whenever raised in the collaborative process, to the Commission for resolution. Issues should be raised for Commission resolution, if not already resolved by the Commission at an earlier date, by June 18, 2000. The signatory parties have agreed that they may advocate additional issues in the collaborative process.

CHANGES IN APPLICABLE LAW

With respect to the obligations set forth in the Stipulation and Plan as extended, except for the items discussed below, Ameritech agreed that in the event there is a change in the statutory law it will continue to be bound by and will fulfill those obligations unless to do so would be unlawful. Further, Ameritech commits that it will not

propose, endorse, or seek legislation that, if enacted into law, would make it unlawful for the company to comply with those obligations. In the event there is a change in the law which would have the effect of superceding, terminating, or diminishing the company's obligation to perform the following specifically identified terms of the Plan, as extended and modified, Ameritech may take advantage of such change in the law and thereafter be governed as to the identified terms under the changed law. The terms of the Plan, as extended and modified, that are subject to this exception are limited to the following:

- (1) The pricing, price cap treatment, and cell classification of new services as set forth in Plan paragraphs 11.D (cell classification for new services), 11.H (new services; application of price cap and price constraints), and 13.H (new services in the price cap). Any new individual residential basic local exchange service meeting the Plan definition for a Cell 1 service shall be classified as a Cell 1 service (either core or non-core).
- (2) The constraints on the de-averaging of residence core services and the requirement to effectuate rate reductions on a proportional basis as set forth on pages 34 and 35 of paragraph 12 of the Plan.
- (3) Centrex service provision as set forth in Plan paragraph 15.G.
- (4) Customer specific contract provisions as set forth in Plan paragraph 18.
- (5) Ameritech's agreement to the process and time frames for any party to propose a change in the Plan, a different form of regulation, or a replacement plan and the elements of a replacement plan filing as set forth in pages 91-94 of the Plan, paragraph 30.

REVIEW OF THE STIPULATION

The stipulation and recommendation submitted by the signatory parties on March 28, 2000, resolves a variety of issues concerning the status of Ameritech's alternative regulation plan and other issues pending before the Commission. As indicated above, Rule 4901-1-30, O.A.C., authorizes parties to Commission proceedings to enter into stipulations. Although not binding on the Commission, the terms of a stipulation are accorded substantial weight. *Consumers' Counsel v. Pub. Util. Comm.* (1992), 64 Ohio St.3d 123, at 125 (citing *Akron v. Pub. Util. Comm.* (1978), 55 Ohio St.2d 155). In a number of cases, the Commission has commended the parties to a negotiated agreement for simplifying the consideration of contested issues and for reducing the hearing time required. See, e.g., *Cincinnati Bell Co.*, Case No. 93-432-TP-ALT, *et al.* (May 5, 1994); *Cincinnati Gas & Electric Co.*, Case No. 83-1528-EL-AIR, *et al.* (November 20, 1984); *Ohio Edison Co.*, Case No. 82-1025-EL-AIR (September 14, 1983). In reviewing

a settlement agreement, however, our primary concern is that the stipulation is in the public interest.

The standard of review for considering the reasonableness of a stipulation has been discussed in a number of prior Commission proceedings. See, *Cincinnati Bell Co.*, *supra*; *Cincinnati Gas & Electric Co.*, Case No. 91-410-EL-AIR (April 14, 1994); *Western Reserve Telephone Co.*, Case No. 93-230-TP-ALT (March 30, 1994); *Ohio Edison Co.*, Case No. 91-698-EL-FOR, *et al.* (December 30, 1993); *Cincinnati Gas & Electric Co.*, Case No. 92-1463-EL-AIR, *et al.* (August 26, 1993); *Cleveland Electric Illum. Co.*, Case No. 88-170-EL-AIR (January 31, 1989); *Restatement of Accounts and Records (Zimmer Plant)*, Case No. 84-1187-EL-UNC (November 26, 1985). The ultimate issue for our consideration is whether the agreement, which embodies considerable time and effort by the signatory parties, is reasonable and should be adopted. In considering the reasonableness of a stipulation, the Commission has used the following criteria:

- (1) Is the settlement a product of serious bargaining among capable, knowledgeable parties?
- (2) Does the settlement, as a package, benefit ratepayers and the public interest?
- (3) Does the settlement package violate any important regulatory principle or practice?

The Ohio Supreme Court has endorsed the Commission's analysis using these criteria to resolve issues in a method economical to ratepayers and public utilities. *Indus. Energy Consumers of Ohio Power Co. v. Pub. Util. Comm.* (1994), 68 Ohio St.3d 547 (citing *Consumers' Counsel*, *supra*, at 126). The court stated that the Commission may place substantial weight on the terms of a stipulation, even though the stipulation does not bind the Commission.

Based on our three-prong standard of review, we find that the first criterion, that the process involved serious bargaining by knowledgeable, capable parties, is clearly met. Counsel for the signatory parties have been involved in many cases before the Commission, including a number of prior cases involving rate and telecommunication issues. Moreover, the level of detail contained in the Stipulation, as well as the breadth of issues encompassed by the agreement, leaves little doubt that the parties engaged in serious negotiations prior to signing the agreement.

The Stipulation also meets the second criterion. As a package, it advances the public interest by resolving many alternative regulation issues and other matters pending before the Commission without the incurrence of the time and expense of extensive litigation. Moreover, the Stipulation maintains core residential and business rates until January 8, 2003, and will institute a \$5.3 million price cap adjustment that will benefit customers. The stipulation also provides for a number of commitments by

Ameritech to fund distance learning and education programs, to promote economic development, advance interest in the internet and implement a pilot internet accessibility program for senior citizens, and extend the USA program statewide and pilot an expansion of that plan. Considered as a package, the stipulation clearly benefits both ratepayers and the public interest.

Finally, the Stipulation meets the third criterion because it does not violate any important regulatory principle or practice. In fact, approval of the agreement enhances rate stability while providing Ameritech with incentives to operate more efficiently. The Stipulation also furthers the important principle of encouraging competition by making available a number of competitive offerings available to the CLECs to incent further competition and the mass markets provision of competitive residential service. At the same time, the Stipulation further refines the OSS and Third-Party Testing Collaborative procedures and establishes a collaborative dispute expedited complaint process. All of these factors further the important regulatory principles of increasing competitive options for customers while maintaining quality service at reasonable rates.

Our review of the Stipulation indicates that it is in the public interest and represents a reasonable disposition of the alternative regulation issues and other issues raised during the negotiations. We will, therefore, adopt the Stipulation as discussed in this order.

OBJECTIONS TO THE STIPULATION

On April 24, 2000, three CLECs (Intermedia, Rhythms, and Time Warner) jointly filed a motion objecting to the Stipulation or, in the alternative, objecting to Commission consideration of the Stipulation at this time because Ameritech has failed to fully comply with the action plan commitments the company made to certain facility-based CLECs. The movants claim that the Commission should not even consider the March 28, 2000 Stipulation, until Ameritech completes what it agreed to do. Moreover, the movants assert that commitments made by Ameritech in the Stipulation, while perhaps beneficial to a narrow scope of issues important to non-facilities based CLECs, do not address the legitimate operating issues of the facilities-based CLECs. Finally, the movants argue that the existing commitments do not address the policies reflected in Sections 4927.02(A) and (B), Revised Code.

The Commission does not find that the movants' objections warrant a rejection or postponement of the Stipulation at this time. As noted previously, the Commission's primary objective in considering a stipulation is whether the stipulation, as a whole, is in the public interest. For the reasons noted above, the Commission has determined that there are substantial benefits to be gained by adoption of the Stipulation and that the Stipulation, as a whole, is in the public interest. Regarding the specific concerns raised by the movants, we note that the action plan provision of the Stipulation (Stipulation at par. 15) does not define specifically what action plans were to be

submitted by the company to the CLECs. The applicable provision of the Stipulation reflects that Ameritech was to submit written drafts to the CLECs attending a March 21, 2000 meeting by March 31, 2000. The movants acknowledge that Ameritech did submit some action plans to them by March 31, 2000, and requested CLEC input. Ameritech appears to have met the spirit of this commitment. We also note that the Stipulation contemplates that a follow-up meeting will be held with the CLECs within three months of the March 21, 2000 meeting. It is also clear from the terms of the Stipulation that, at the three-month meeting, Ameritech and the CLECs will discuss the results of the final action plans. Therefore, in approving this provision of the Stipulation, we direct Ameritech to work with the involved CLECs and with the Commission's staff to put in place final action plans prior to that three-month review meeting. We are very much interested in the competitive issues raised by the movants; however, we find that an alternative regulation plan proceeding is not the most appropriate venue to address all of these concerns. A more appropriate vehicle for addressing the movants concerns would be in an arbitration proceeding or through a carrier complaint proceeding pursuant to Section 4905.26, Revised Code and/or in the Commission generic consideration of new local service requirements in Case No. 99-998-TP-COI.

On April 21, 2000, the PAO filed initial objections to the March 28, 2000 Stipulation. Generally, the PAO urges the Commission to reject the proposed Stipulation as illegal and against public policy. In the alternative, and at a minimum, the PAO urges the Commission to conduct evidentiary hearings pursuant to Section 4927.03(D), Revised Code, in order to determine whether any extension, modification, or abrogation of Ameritech's Plan is appropriate and in the public interest. More specifically, the PAO argues that the Stipulation violates Section 4909.18, Revised Code, as the Stipulation purports to directly or indirectly modify, amend, or change existing rates, regulations, and practices of Ameritech without the filing of a written application supporting the rate or classification. The PAO also asserts that the Stipulation runs afoul of the clear and unequivocal notice and hearing provisions of Section 4927.03, Revised Code. Further, according to the PAO, any attempt to alter the terms of Ameritech's Plan prior to its termination automatically invokes the notice and hearing provisions of Section 4927.03, Revised Code.

The PAO also argues that the proposed Stipulation is contrary to the public interest and should be rejected. In support of this argument, the PAO maintains that there is no evidence that the new plan complies with Section 4927.02, Revised Code. Moreover, the PAO asserts, the Stipulation fixes prices for network elements utilized by payphone providers even though the PAO was not a party to the negotiations that took place and in violation of FCC orders in CC Docket No. 96-128. The PAO also claims that the separate agreements that form the basis for the Stipulation present a bad bargain for Ohio consumers. In conclusion, the PAO asserts that by approving the Stipulation, the Commission will have granted Ameritech complete autonomy over

the rates, earnings, and quality of the telecommunications services Ameritech provides, with very little opportunity, if any, for the Commission to investigate the reasonableness of Ameritech's earnings and rates. Moreover, according to the PAO, the Stipulation predetermines outcomes, both substantive and procedural, in other dockets before the Commission.

As noted previously, this Stipulation includes provisions that extend and modify the existing alternative regulation plan of Ameritech and, as a result, reflects a new grant of alternative regulation under Section 4927.03, Revised Code. Contrary to the arguments of the PAO, Sections 4909.18 and 4927.04, Revised Code, are not impacted by the Stipulation before us. As acknowledged by the PAO, Ameritech currently is operating pursuant to an alternative regulation proposal known as Advantage Ohio which was reinstated by the Ohio General Assembly as a result of Substitute Senate Bill 306 in June 1996. Advantage Ohio set forth in detail the pricing, tariffing, and other procedures Ameritech employs to govern all of its service offerings including basic local exchange service which is the principal focus of Section 4927.04, Revised Code. Notably, the Stipulation presented to us for consideration makes no changes or modifications in the manner in which basic local exchange services are regulated. Therefore, we find Section 4927.04, Revised Code, inapplicable to the issue before us as the Stipulation, by its terms, only seeks to extend the current, lawfully established regulatory procedures involving Ameritech's provision of basic local exchange service. There is no abrogation or modification proposed by the company which might trigger a Section 4927.04, Revised Code, review.

We also disagree that the notice and hearing provisions of Section 4927.03(D), Revised Code, are triggered by the Stipulation now before us. As noted above, by its terms the Stipulation seeks to extend and modify the Advantage Ohio Plan and, as such, constitutes a new grant of alternative regulation. Initially, through our approval of the involved Stipulation, we agree with the signatory parties' proposition that the adoption of the Stipulation constitutes a new grant of alternative regulation. Concerning a new grant of alternative regulation, Section 4927.03(A)(1), Revised Code, clearly affords the Commission the discretion to, "after notice, after affording the public and any affected telephone company a period for comment, and after a hearing if it considers one necessary, may, by order...establish alternative regulatory requirements to apply to such public telecommunications service and company or companies." The notice issue will be addressed in more detail below. However, there is no debate among any of the parties that the PAO became aware that a Stipulation had been prepared for execution prior to the execution date and that the PAO has exercised its right to object to the Stipulation through its comprehensive pleading docketed on April 21, 2000. Based on the procedural circumstances of this case, we believe the PAO has had adequate notice and has exercised its opportunity to comment on the Stipulation. As for a hearing, Section 4927.03(A)(1), Revised Code, leaves the determination as to whether a hearing is necessary to the Commission's discretion. Based on our review of the Stipulation, and as outlined above, we have found the Stipulation to be in the public interest without the need for a hearing.

We further disagree with the PAO that the notice and hearing provisions of Section 4927.03(D), Revised Code, are automatically triggered when an alternative regulation plan is altered in any way. As recently noted by the Commission in Case No. 97-1700-TP-COI, *In the Matter of the Commission Investigation Into the Alternative Regulatory Treatment of Commercial Mobile Radio Service Providers* (Entry on Rehearing, February 24, 2000), we found that an interpretation of the statutory language, similar to the interpretation urged by the PAO herein, is contrary to both the language and the intent of the statute. When Section 4927.03(D), Revised Code, is read in context, it is clear that the purpose of that section was not to require the Commission to hold a hearing every time we consider further alternative regulatory relief; rather, the intent was that the Commission hold a hearing in the event that we were to abrogate or modify an exemption or alternative regulation such that regulatory relief previously granted to a telephone company, by the Commission, was being diminished or revoked. This more comprehensive reading of Section 4927.03, Revised Code, is supported by the last sentence of Section 4927.03(D), Revised Code, which goes on to further limit the Commission's ability to take back regulatory relief by providing that "[n]o such abrogation or modification shall be made more than eight years after the date an order granting an exemption or establishing alternative requirements under this section was entered upon the commission's journal, unless the affected telephone company or companies consent."

Read in the context of the rest of Chapter 4927, Revised Code, and, in particular, considering the policy of the state to "recognize the continuing emergence of a competitive telecommunications environment through flexible regulatory treatment", it makes no sense to conclude that the General Assembly intended that every succeeding progressive step that the Commission takes to modify the approved regulatory framework applied to telecommunications service provider would each require a hearing, especially when no hearing is required for the initial steps to deregulate such services. Concluding that the Commission could have reached this result in one step under Section 4927.03(A), Revised Code, without the requirement of a hearing, but cannot now reach the same result without a hearing, is illogical and reaches an absurd result that tends to negate the vitality and purpose of Section 4927.03(A), Revised Code.

Having determined that Sections 4909.18, 4927.04 and 4927.03, Revised Code, are not wholly applicable to our consideration of this Stipulation, we turn to our own policies and procedures for guidance. The Commission, through Case No. 92-1149-TP-COI, has adopted procedures that we will follow in considering alternative regulation proposals by large local exchange companies. Included within those Commission-approved procedures are provisions for the extension and the amendment of approved alternative regulation plans (XI.B. and XI.C., respectively). Essentially, for both extensions and amendments, the Commission's procedures require notice that an extension or amendment is being sought and, for amendments only, the effects of the amendment on other aspects of the existing alternative regulation plan. Regarding both extensions and amendments, the Commission's procedures call for the Commis-

sion to order such procedures as it deems necessary, consistent with those rules, in considering the applicant's request. As noted in the Stipulation, all parties to this case were given notice of Ameritech's intent to seek an extension and modification of its alternative regulation plan. Moreover, all parties and interested persons were provided a copy of the executed Stipulation. Any interested person has been afforded 30 days in which to comment on the executed Stipulation. We find that the procedures noted above were adequate to afford interested persons an opportunity to comment on the Stipulation and, thereafter, upon which our consideration of this matter could be based.

We also note that the principal "benefits" to Ameritech of adoption of this Stipulation is that the company obtained from the signatory parties an extension of the initiation of an earning review against the company, a reclassification of message toll service and any other service deemed competitive by the Commission in Case No. 99-563-TP-COI as competitive into Cell 4, and removal of Cell 4 services out of the price cap. The first benefit merely results in an extension of what the company already enjoys. The second item is not really a modification of the existing Advantage Ohio Plan inasmuch as the current plan affords Ameritech the flexibility to reclassify services, other than Cell 1 residence service, into another cell category on a 30-day filing. Notably the last item, which is arguably a modification, was not challenged by anyone filing objections.

The last arguments the Commission will address briefly are the PAO's arguments that the proposed Stipulation is contrary to the public interest, results in a diminished opportunity for the Commission to regulate the company, and that there was insufficient notice provided in this matter. The Commission has heretofore addressed in detail the Stipulation and has rendered our opinion that the Stipulation, as a whole, promotes the public interest. Therefore, we will not further address that issue here. As for the argument that adoption of this Stipulation abrogates the Commission's responsibility to regulate the company, we disagree. Nothing within this Stipulation affects the Commission's jurisdiction to regulate the company's services, address complaints by carriers or customers, remain informed as to the financial situation of the company, or in any other way diminishes our regulatory authority over Ameritech. The only benefits realized by the company through Advantage Ohio and this Stipulation is increased pricing flexibility to address the more competitive aspects of the telecommunications marketplace and the ability of the company to operate outside of the rate base regulations traditionally applied to incumbent local exchange companies. As for the notice issue, the Commission finds no evidence of intent to exclude any interested person or party from the negotiations nor is there a basis in this record to conclude that the PAO did not have an opportunity to present their positions in the settlement process. In addition, the PAO has clearly exercised its right to object to the Stipulation in this matter as reflected by the comprehensive objections filed which are more suitable for consideration in our pending payphone generic proceeding, Case No. 96-1310-TP-COI. For these reasons, the Commission concludes that the PAO has not

been prejudiced in this matter through the procedure in which this Stipulation has come to the Commission for consideration.

FINDINGS OF FACT AND CONCLUSIONS OF LAW:

- (1) On November 23, 1994, the Commission issued an opinion and order adopting a Plan of Alternative Regulation for Ameritech. On January 15, 1995, the Commission adopted an entry on rehearing affirming its adoption of the alternative regulation plan.
- (2) The Ohio Supreme Court reversed and remanded the Commission's orders adopting the Plan in *Time Warner AxS v. Pub. Util. Comm.* (1996), 75 Ohio St. 3d 229.
- (3) Effective June 18, 1996, the Ohio General Assembly enacted Substitute Senate Bill 306 which reinstituted the Plan as if effective on January 9, 1995.
- (4) On March 28, 2000, a stipulation and recommendation which, among other things, extends the Plan as modified herein, provides for a new grant of alternative regulation pursuant to Section 4927.03, Revised Code, and further agreements was filed with the Commission. Objections were filed by movants and by PAO.
- (5) The Stipulation is the product of serious bargaining among knowledgeable parties, benefits ratepayers and advances the public interest, and does not violate any important regulatory principles or practices.
- (6) Ameritech's alternative regulation is governed by Section 4927.03, Revised Code. Ameritech is subject to the jurisdiction of this Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code.
- (7) The stipulated alternative regulation plan submitted by the parties comports with the policy of this state, as set forth in Section 4927.02, Revised Code, to the extent set forth in this opinion and order.

ORDER:

It is, therefore,

ORDERED, That the objections filed on April 21 and April 24, 2000, are denied. It is, further,

ORDERED, That the stipulation and recommendation filed on March 28, 2000, is approved for the reasons set forth herein. It is, further,

ORDERED, That Ameritech's application for extension of an alternative form of regulation, as modified, is granted. It is, further,

ORDERED, That, in the event of a future conflict with respect to interpretation of the alternative regulation plan or the stipulation, the language contained in this opinion and order shall be deemed controlling and the Commission shall remain the final arbiter of the terms of the Plan and the Stipulation. It is, further,

ORDERED, That our approval of this alternative regulation plan and Stipulation, to the extent set forth in this opinion and order, does not constitute state action for the purposes of antitrust laws. It is not our intent to insulate the company from the provisions of any state or federal laws that prohibit the restraint of free trade. It is, further,

ORDERED, That Ameritech comply with the terms of the Plan and the Stipulation discussed in this case, all of the terms and language of this opinion and order, and all Commission directives that may be issued pursuant to this opinion and order. It is, further,

ORDERED, That, except as provided in the Plan or Stipulation, or as specifically provided for or clarified in this opinion and order, nothing shall be binding upon the Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this opinion and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

Ronda Hartman Fergus

Craig A. Glazer

Judith A. Jones

Donald L. Mason

JRJ/vrh

Entered in the Journal
April 27, 2000

Gary E. Vigorito
Secretary

Signed by Commissioners
Fergus
Glazer
Jones

CERTIFICATE OF SERVICE

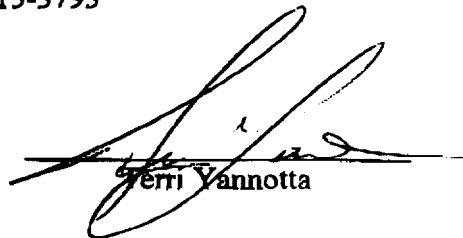
I, Terri Yannotta, do hereby certify that on this 2nd day of May, 2000, a copy of the foregoing "AT&T Corp.'s Request to Withdraw Petition" was mailed by U.S. first-class mail, postage prepaid to the parties listed below:

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Terri Yannotta

May 2, 2000